

Message Text

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66

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 ERDA-05 DODE-00 FPC-01 H-02

INT-05 L-03 PM-04 SAM-01 OES-06 FEA-01 /108 W

----- 091790

R 071310Z APR 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9696

INFO AMCONSUL GUAYAQUIL

AMEMBASSY CARACAS

C O N F I D E N T I A L QUITO 2584

E.O. 11652: GDS

TAGS: EFIN, ENRG, EC

SUBJECT: GOE FINALLY FIRMS UP PLANS TO PLACE \$25 MILLION IN
ECUADOREAN BONDS IN VENEZUELAN MARKET

1. MINISTER OF FINANCE CESAR ROBALINO AUTHORIZED THE (NON-ECUADOREAN, WE BELIEVE VENEZUELAN) BROKERAGE FIRM SOCIEDAD FINANCIERA VALIVENCO TO PLACE \$25 MILLION WORTH OF ECUADOREAN BONDS IN THE VENEZUELAN MARKET APRIL 3. THE BONDS WILL PAY 8 PERCENT (TAX-FREE), WITH A 10-YEAR TERM, REDEEMABLE AT PAR. PROCEEDS FROM THE BONDS WILL BE USED TO FINANCE THE ESMERALDAS OIL REFINERY. ROBALINO TOLD THE PRESS THAT HE PLANS TO INITIATE DISCUSSIONS WITH FOREIGN BANKERS TO INVESTIGATE ECUADOREAN BOND PLACMENT IN OTHER OVERSEAS MARKETS.

2. COMMENT: NATIONAL DEVELOPMENT FUND (FONADE, WHICH RECEIVES APPROXIMATELY 30 PERCENT OF TOTAL PETROLEUM REVENUES) WAS TO FURNISH ALL FINANCING FOR THE STATE REFINERY AT ESMERALDAS. FONADE ACCOUNT IS LOW IN FUNDS, HOWEVER, DUE TO PETROLEUM EXPORT SLOWDOWN IN 1975.

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POLITICAL AS MUCH AS ECONOMIC IMPETUS

IS PRIMARILY BEHIND VENEZUELA PLACEMENT; USE OF VENEZUELA'S
CAPITAL MARKET IS THE ONLY FINANCIAL CONCESSION THAT ECUADOR
HAS WRUNG FROM ITS FELLOW OPEC MEMBERS, AND GOE NO DOUBT
IS ANXIOUS TO PUBLICIZE THIS CONCESSION AS A BENEFIT OF
OPEC MEMBERSHIP TENUOUS THROUGH THIS CLAIM MAY BE. FORMER
PRESIDENT RODRIGUEZ LARA ARRANGED SALE OF BONDS
IN VENEZUELA WELL OVER A YEAR AGO (AT SAME TIME HE ASKED FOR OVER
A BILLION DOLLARS IN INFRASTRUCTURE AID FROM ARAB OPEC MEMBERS,
NONE OF WHICH HAS BEEN OR SEEMS LIKELY TO BE FORTHCOMING.

BREWSTER

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Message Attributes

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